House Republican Press Release

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THE NUMBERS DON'T LIE: ROLL BACK ESTATE, CORPORATE SURCHARGE, MANUFACTURING, CONVEYANCE TAXES

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Connecticut continues to lead the nation in per capita income at nearly $48,000, according to the most recent data delivered this week from Washington. That's $4,000 more than the nearest competitor, Massachusetts, and that's the good news from the U.S. Bureau of Economic Analysis.

The majority party Democrats have typically used such statistics to support tax increases on those in higher income brackets. They argue that these residents have a greater moral and financial obligation to subsidize social services for the poor. We do have an obligation to provide for those who need it most, but as legislators we have to strike the proper balance and make tough decisions the best serve everyone in Connecticut.

In the last few years we have been out of balance in the legislature. Small business owners and those who create jobs and opportunity Connecticut have been repeatedly forced to pay a disproportionate higher share of taxes.

Most statistical information is subject to interpretation, so what's the downside to this report from the U.S. Bureau of Economic Analysis? Connecticut ranks at the bottom of per capita income growth at 5.3 percent annually, less than half of what Nevada's earners are realizing.

On the same day the economic data was released a Hartford newspaper headline blared, "Poverty Gap Growing.'' The non-profit Connecticut Association for Human Services group focused on the economic malaise it claims is swallowing up those most unfortunate to be living poor in the richest state in the country.

It reminds of Harry S Truman's crack about longing for a one-handed economist. "All my economists say, 'On the one hand….on the other hand.'''

The annual debate over where and how to spend taxpayer dollars and the tussle between competing special interests is about to begin in Hartford when the legislative session convenes Feb. 8. Expect this year to be particularly loud, given that there is a gubernatorial election waiting in November.

Policy makers and experts will argue over root causes of economic swings and how to combat poverty but additional data culled from the federal Internal Revenue Service suggests that unless we take significant steps to improve our business climate, Connecticut and particularly Fairfield County, will likely shed workers and employers.

And the state will lose hundreds of millions in revenue if we continue with the job crushing, never-ending tax increases policies that the majority party Democrats have promoted for the last decade in Hartford.

Between 2003 and 2004 the adjusted gross income of people moving from Connecticut to Florida was $392 million more than the AGI of Floridians moving to Connecticut.

Fairfield County lost AGI totaling nearly $45 million to Palm Beach County, according to the IRS.

Doubtless, there are myriad reasons why this happened. But the warm, sunny climate was probably not the only deciding factor. We can't do anything about the weather here in Connecticut but we can stop forging punitive, wrongheaded tax policy that penalizes success and rewards complacency.

Here are four things we could do in the legislature in the next three months that would be first steps toward creating a positive atmosphere for business and job creation.

Abolish the estate tax. No other demographic portion of our population has been singled out by such punitive legislation than those who are subject to this tax. It has enormous implications for the baby boom generation and could prove the final straw for many people who conclude they can't afford to live here, let alone die here.

We could do away with the 20 percent corporate surcharge on business that was supposed to expire this year. Republicans proposed ending the penalty but the Democrats rejected that in order to raise an additional $65 to $70 million.

Keep the promise to property owners and scrap the real estate conveyance tax. Many towns and cities have fallen in love with this revenue stream but it was enacted with the promise it would "sunset'' in 2004. This tax doesn't really help the towns that need it most because of the relatively lower property values in our poorer communities. The sun long ago set.

None of Connecticut's neighboring state imposes a tax on manufacturing machinery as we do. After years of losing up to 50,000 good manufacturing jobs, that industry appears to have stabilized somewhat. But the threat of work going overseas or to other states remains and doing away with the personal tax on machinery would be a positive sign for those who want to stay here and grow in Connecticut.

It took 200 years in Connecticut before we reached the $7 billion mark for state spending in 1990. It took just 15 years before we doubled that mark for our annual budget. We have taxed enough. Now is the time to cut taxes and give our employers and employees a break.